COUNCIL NOTE.

Closure of Ooregum Mine, K.G.F.

*Not appended.

A copy* of the Report of the Ooregum Mine Enquiry Committee is appended. The Report has been considered by the Finance Department and the matter has been discussed with the Controller, State Accounts Department. The Government of India have called for the views of this Government on the recommendations of the Committee immediately. As the proposal is to close down the Mine before the end of this month decision has to be taken immediately and communicated to Government of India. The Finance Department agrees with the views of the Committee, regarding liquidation of the ~~Gen~~ Ooregum Company and assignment of Leases to Champion Reef Company. In the assignment of the leases the following conditions may be imposed : -

1) Pension Fund. As the introduction of this Scheme has created discontentment and increased ~~x~~ the working costs the same should be discontinued. If this cannot be done it should not be extended to new entrants. The Rupee Companies should not be burdened with the payment of initial contribution for past services. The Sterling Companies should make their own arrangement to meet this initial cost. The annual contributions to the Pension Fund should not be treated as an item of deduction from the receipts for computing the Net Surplus. In the calculation of Pension no discrimination should be made between an Indian and Non-Indian. To remove the distinction now being made at least to a certain extent, Overseas Allowance should not be reckoned for calculating the Pension to Non-Indians.

Indianisation. - (a) All the Indian Covenanted Officers other than those that are superannuated should be absorbed and none should be displaced.

(b) Any further recruitment of Non-Indians should be done with the previous consent of the Mysore Government. For posts in the Accounts, Electricity and Engineering Departments a few Officers of the Government of Mysore may be taken at least on the basis of deputation.

Reduction of Top Heavy Expenditure.- (a) The salary of Non-Indian Staff when paid in rupees should be calculated at the current rate of exchange instead of at 1 Sh/4 d. as now. This change should be effected ~~while renewing the existing agreements or~~ while getting fresh agreements executed by the Covenanted Staff. This w

will result in saving under salaries.

(b) Annual Bonus payable to Covenanted Officers should be disbursed only when the Company makes profits and its quantum should depend on the profits made in each year.

(c) Income-tax on Company's share of contribution to Provident Fund should be borne by the Covenanted Staff themselves and not by the Company.

Transfer of Assets retained by the Sterling Company.- The "Paid-up Capital" of the Sterling Company includes the shares in the Kolar Brickmaking Company valued at Pounds 3,125 which were obtained from the subscribed capital of the Company. But the paid up capital of the Rupee Company includes the above amount without corresponding investments being transferred to it. It (paid up capital) also includes Pounds 2001 due on 2668 former preference shares of Pound 1 each at 15 shillings per share, not recovered and transferred to the Rupee Company. Hence, the Sterling Company should pay Pounds 5,126 for not transferring the above assets to the Rupee Company.

According to the note given in the Balance Sheet of this Company (Sterling Ooregum Company) the Depreciation Development Expenditure Reserve of Rs. 2,66,853 of the Rupee Company is held by the Sterling Company as Capital Reserve. It is not correct for the former Lessee though a Holding Company to continue to hold the Depreciation Development Expenditure Reserve of the undertaking even after assignment of Leases to a new Company. Hence the connected liquid assets should be transferred to the Rupee Company before its winding up.

Valuation of Assets. - All assets to be transferred to Champion Reef should be fairly valued. Assets like Shafts and other underground development capital works and ore reserves should be valued at a reasonable price and taken to account at the time of their sale.

Acquisition of Buildings, Machinery and Plant by Government.

As some of the Buildings of the Ooregum Mine, which are close to the Railway Station, will be needed by the Government of Mysore for their u as also for the Government of India, the Ooregum Company should be made transfer such of those properties needed by the Government in good condition at Book Value or at such value proposed for transfer

of Buildings to the Champion Reef Company whichever is less. The Machinery and Plant, if any, ~~xx~~ needed by the Bellara Gold Mine and other Government Departments should also be similarly made over to them in good condition at the said values before the assets are transferred to the Champion Reef Company or sold to others.

Royalties and Taxes including contribution due to Government.

Certain questions relating to computation of Net Surplus and Additional Royalty are pending final settlement. So the exact amount due to Government could not be assessed correctly. Any liability on this, account and any dues to Government that arise later should be paid by the Champion Reef Company if they are not settled before winding up of the Ooregum Company.

Compensation to Labour. - The recommendations ot the Committee should be enforced.

The Government of India should also be requested for the formation of a Joint Committee immediately to go into the entire question of the Mining Industry in K.G.F. with special reference to

(a) Taxation on the Industry.

(b) Working costs with reference to the existing Agreements with the Government of Mysore.

(c) Steps to be taken for ensuring the longevity of the Mines.

(d) Permanent measures for rehabilitation of Labour in the event of similar crisis facing both the Governents in view of the wasting nature of the Asset and continued fall in price of Gold.

In view of urgency this note is circulated among the Ministers for consideration and decision at an urgent meeting of the Council.

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"Copy"

(P. Honnappa.) 21/5/53
For Secretary to Government,
Finance Department.

AGREEMENT MADE THE FIFTH DAY OF AUGUST 1942 BETWEEN

(a) the Government of His Highness the Maharaja of Mysore (hereinafter called the State) and

(b) the Governor General in Council (hereinafter called the Government).

WHEREAS

(a) The State is the holder of 25000 fully paid up ordinary shares of Rs.100 each and the Government is the holder as original allottee of the same number of like shares and has acquired by purchase the same number of like shares with the privity of the State and the Government thus holds two-thirds of the issued share capital of the Hindustan Aircraft Limited, Bangalore, (hereinafter referred to as the Company) and the remaining one-third is held by the State;

(b) the State and the Government are agreed that it is imperative that the control of the affairs of the Comapny shall for the duration of the present emergency be in the hands of the Government;

AND WHEREAS

Government has agreed to pay to the State the sum of Rs.12,50,000 in lieu of accrued and anticipated profits and the State has agreed in pursuance of the premises to ensure that for the duration of the emergency the Government will have control over the affairs of the Company.

NOW it is hereby agreed as follows:-

1. For the purpose of this agreement the duration of the emergency shall be deemed to commence on the date of this agreement and to terminate on the date of the signature of a